

Message Text

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45

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04 TAR-01

TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01 FTC-01

/105 W

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P R 031429Z FEB 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 3680

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 0945

E.O. 11652: N/A

TAGS: ETDR, BR

SUBJECT: FOOTWEAR INVESTIGATION: POSSIBLE BRAZILIAN
RETALIATION

1. DURING A PRESS INTERVIEW IN HIS OFFICE ON
FRIDAY, JANUARY 30, 1976, ON THE GENERAL ECONOMIC
SITUATION, FINANCE MINISTER SIMONSEN WAS ASKED ABOUT
HIS GOVERNMENT'S POSITION IN LIGHT OF THE POSSIBLE
IMPOSITION OF QUOTAS BY THE USG ON BRAZILIAN SHOE
EXPORTS TO THE U.S.. SIMONSEN WAS REPORTED TO HAVE
REPLIED WITH A SUBTLE SMILE: "IT DEPENDS ON THE
QUOTAS IMPOSED; IF THEY ARE ABOVE THE CURRENT LEVEL
OF EXPORTS, WE WOULD HAVE NO PROBLEMS. SHOULD THEY
(QUOTAS) BE LESS, THE GOVERNMENT HAS THE MEANS TO
RETALIATE. CLEARLY, WE DO NOT PLAN TO USE OUR
DEFENSIVE MECHANISMS, UNLESS WE ARE OBLIGED TO
DO SO. AND WE ARE IN A VERY TRANQUIL POSITION SINCE
OUR BILATERAL TRADE ACCOUNT WITH THE U.S. IS
TRADITIONALLY IN DEFICIT." HE ALSO INDICATED THAT HE WOULD
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PREFER NOT TO UTILIZE AVAILABLE RETALIATORY INSTRUMENTS.

2. ALTHOUGH THE MINISTER DIDNOT SPECIFICALLY INDICATE THE NATURE OF POSSIBLE RETALIATORY ACTIONS, MOST OF THE NEWS ACCOUNTS CARRIED BY THE NATIONAL PRESS POINTED TO THE POTENTIAL USE OF THE AUTHORITY GRANTED TO CACEX, (SEE BRASILIA 10428 OF DECEMBER 3, 1975), TO WITHHOLD IMPORT LICENSES IN CASES WHERE THE IMPORT MAY "THREATEN" THE BRAZILIAN ECONOMY. NO MENTION WAS MADE BY THE PRESS OF THE POSSIBLE IMPLEMENTATION OF ANOTHER EXISTING DECREE (DECREEE 76084), ISSUED ON AUGUST 5, 1975, WHICH SPECIFICALLY EMPOWERS THE MINISTRY OF FINANCE TO IMPOSE RESTRICTIONS ON IMPORTS FROM A COUNTRY THAT ADOPTS MEASURES WHICH "HAMPER BRAZILIAN EXPORTS" (SEE BRASILIA 6514 OF AUGUST 5, 1975).

3. THE PRESS ALSO REPORTED THAT SIMONSEN HAS RECEIVED A MEMORANDUM FRO BRAZILIAN SHOE EXPORTERS SOLICITING THE GOB TO TAKE CERTAIN PROTECTIVE ACTIONS TO ASSIST THE SHOE INDUSTRY SHOULD FURTHER RESTRICTIONS BE ADOPTED BY THE U.S.. SIMONSEN HAS REPORTEDLY NOT YET ACTED ON THESE RECOMMENDATIONS AND IS AWAITING THE FINAL OUTCOME OF THE ITC INVESTIGATION.
CRIMMINS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PRESS CONFERENCES, IMPORT QUOTAS, SHOES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BRASIL00945
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760040-0864
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760289/aaaadahd.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: blochd0
Review Comment: n/a
Review Content Flags:
Review Date: 02 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 JUN 2004 by BrownAM>; APPROVED <02 DEC 2004 by blochd0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOOTWEAR INVESTIGATION: POSSIBLE BRAZILIAN RETALIATION
TAGS: ETRD, BR, US, (SIMONSEN, MARIO HENRIQUE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006